

Message Text

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ACTION ARA-10

INFO OCT-01 IO-11 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /101 W

----- 013083

R 021830Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3655

INFO ERDA GERMANTOWN

USMISSION IAEA VIENNA

AMEMBASSY BONN

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 0903

E.O.11652: GDS

TAGS: TECH, ENRG, BR

SUBJECT: US FUEL FOR BRAZILIAN NUCLEAR REACTORS

REF: USIS WIRELESS FILE, 12 JAN 1976 (ARF-3), "SUPPLIER NATIONS
SEEN SHARING NON-PROLIFERATION GOAL"

1. SUMMARY: EMBASSY REQUESTS CLARIFICATION OF AN INCORRECT AND
MISLEADING PASSAGE IN REF. THE RELEVANT PASSAGE STATES INCORRECTLY
IN THE EMBASSY'S VIEW, THAT: (A) BRAZIL COULD NOT HAVE OBTAINED
ADDITIONAL US FUEL FOR ANY NEW US REACTORS PURCHASED LAST SUMMER,
AND (B) THIS IMPEDED THE US FROM CONCLUDING A REACTOR SALES AGREE-
MENT WITH BRAZIL. END SUMMARY.

2. EMBASSY REQUESTS CLARIFICATION OF AMBASSADOR TAPE'S
ANSWER TO THE LAST QUESTION IN REF DEALING WITH THE BRAZIL/
GERMAN NUCLEAR AGREEMENT AND THE POSITION OF THE US AS A
SUPPLIER. THE FIRST AND RELEVANT PART OF THE ANSWER WAS:
"THE GERMAN-BRAZILIAN TRANSACTION, OF COURSE, WAS A CASE
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INVOLVING OTHER FACTORS THAN REACTORS, WHICH THE UNITED

STATES IS VERY CAPABLE OF SUPPLYING. THERE WAS A NEED TO SUPPLY FUEL IN THE FUTURE FOR THOSE REACTORS. OUR OWN ENRICHMENT CAPACITY HERE IN THE UNITED STATES WAS FULLY COMMITTED-THERE WAS NO WAY THAT INDUSTRY OR THE US GOVERNMENT COULD COMMIT TO THE BRAZILIANS AN ASSURED SUPPLY OF FUEL, AND WE WERE NOT PREPARED TO TALK TO THEM ABOUT SETTING UP THEIR OWN ENRICHMENT FACILITIES."

3. FROM THIS STATEMENT, THE BRAZILIANS WOULD QUITE PROPERLY INFER THAT:

--A) US FIRMS WERE HINDERED IN ANY ATTEMPT TO SELL MORE REACTORS TO BRAZIL BY A SHORTAGE OF US FUEL, AS WELL AS BY THE USG REFUSAL TO PERMIT THE SALE OF ENRICHMENT FACILITIES.
--B) BRAZIL COULD NOT HAVE OBTAINED ADDITIONAL, USG-ASSURED, FUEL SUPPLIES.

4. BOTH INFERENCES ARE INCORRECT AND MISLEADING. AS THE EMBASSY UNDERSTANDS THEM, THE FACTS ARE THE FOLLOWING:

--A) A SHORTAGE OF US FUEL WAS NOT A DECIDING FACTOR IN BRAZIL'S DECISION TO OPT FOR THE GERMAN AGREEMENT. RATHER, WHAT WAS DECISIVE WAS THE USG REFUSAL TO ALLOW THE TRANSFER OF SENSITIVE FACILITIES, COMBINED WITH THE GOB'S OFTEN-VOICED DISINTEREST IN A DEAL INVOLVING ONLY NON-SENSITIVE FACILITIES.

--B) BRAZIL COULD HAVE OBTAINED PRESIDENTIALLY-GUARANTEED FUEL SUPPLIES THROUGH CONTRACTS WITH A PROSPECTIVE PRIVATE ENRICHER, NAMELY UEA, OR BY CONTRACT ASSIGNMENT.

IN FACT, GOB HAS REJECTED SUGGESTIONS FOR SUCH ASSIGNMENT.

5. THE EMBASSY REQUESTS CORRECTION AND CLARIFICATION OF AMBASSADOR TAPE'S REMARKS. PENDING SUCH CORRECTION, MISSION RECOMMENDS THAT NO FURTHER USE BE MADE OF THE INTERVIEW IN ITS PRESENT FORM.

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